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THE GREATER BATON ROUGE ECONOMIC PARTNERSHIP, INC.
Baton Rouge, Louisiana

FINANCIAL REPORT

December 31, 2007

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 8-6-08

THE GREATER BATON ROUGE ECONOMIC PARTNERSHIP, INC.
Baton Rouge, Louisiana

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INDEPENDENT AUDITORS' REPORT

Board of Directors
The Greater Baton Rouge Economic Partnership, Inc.
Baton Rouge, Louisiana

We have audited the accompanying statement of financial position of **THE GREATER BATON ROUGE ECONOMIC PARTNERSHIP, INC.** (the Partnership) as of December 31, 2007, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **THE GREATER BATON ROUGE ECONOMIC PARTNERSHIP, INC.** as of December 31, 2007, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated May 13, 2008, on our consideration of the **THE GREATER BATON ROUGE ECONOMIC PARTNERSHIPS'**s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of our audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Faulk & Winkler, LLC

Certified Public Accountants

Baton Rouge, Louisiana
May 13, 2008

THE GREATER BATON ROUGE ECONOMIC PARTNERSHIP, INC.

Baton Rouge, Louisiana

STATEMENT OF FINANCIAL POSITION

December 31, 2007

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 174,278
Accounts receivable and other	125,243
Due from related party	<u>77,904</u>

Total assets	<u>\$ 377,425</u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 120,353
Accrued expenses	3,000
Unearned revenue	<u>55,152</u>

Total liabilities	178,505
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NET ASSETS

Unrestricted	<u>198,920</u>
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Total liabilities and net assets	<u>\$ 377,425</u>
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The accompanying notes to financial statements
are an integral part of this statement.

THE GREATER BATON ROUGE ECONOMIC PARTNERSHIP, INC.

Baton Rouge, Louisiana

STATEMENT OF ACTIVITIES

For the year ended December 31, 2007

	<u>Unrestricted</u>
REVENUES	
Contributions	\$ 1,128,068
Grants:	
Louisiana Economic Development	551,878
East Baton Rouge City / Parish	512,500
Events	408,673
Interest	<u>15,269</u>
Total revenues	<u>2,616,388</u>
EXPENSES	
Program services:	
Business development	1,775,197
Marketing	65,934
Product development	<u>403,153</u>
Total program services	<u>2,244,284</u>
General and administrative	
Personnel	143,770
Occupancy	96,330
General office	82,803
Professional services	80,994
Travel and hosting	6,669
Other	<u>955</u>
Total general and administrative	<u>411,521</u>
Total expenses	<u>2,655,805</u>
Decrease in net assets	(39,417)
NET ASSETS	
Beginning of year, as restated (See Note 4)	<u>238,337</u>
End of year	<u>\$ 198,920</u>

The accompanying notes to financial statements
are an integral part of this statement.

THE GREATER BATON ROUGE ECONOMIC PARTNERSHIP, INC.

Baton Rouge, Louisiana

STATEMENT OF CASH FLOWS

For the year ended December 31, 2007

CASH FLOWS FROM OPERATING ACTIVITIES

Decrease in net assets	\$ (39,417)
Changes in operating assets and liabilities:	
Decrease in accounts receivable	42,286
Increase in due from related party	(32,841)
Increase in accounts payable	43,380
Increase in accrued expenses	3,000
Decrease in deferred revenue	<u>(689)</u>
Net cash provided by operating activities	15,719

CASH AND CASH EQUIVALENTS

Beginning of year	<u>158,559</u>
End of year	<u>\$ 174,278</u>

The accompanying notes to financial statements
are an integral part of this statement.

THE GREATER BATON ROUGE ECONOMIC PARTNERSHIP, INC.
Baton Rouge, Louisiana

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

The Greater Baton Rouge Economic Partnership, Inc. (the Partnership) was incorporated on April 19, 1994 and was formed as a public non-profit organization under Internal Revenue Code Section 501(c)(3). According to its by-laws, the mission of the Partnership is to benefit and increase the quality of life of the general public in and around the Baton Rouge area by promoting and supporting activities and functions that attract business, educate the public, and create jobs that otherwise tend to increase economic growth and development in the region.

Basis of Presentation

The financial statements of the Partnership have been prepared on the accrual basis. The significant accounting policies are described below to enhance the usefulness of the financial statements. These financial statements include only activities and transactions of the Partnership.

The Partnership reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. There were no temporarily or permanently restricted net assets at December 31, 2007.

The statement of activities presents expenses functionally, as program services.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities, at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates are used primarily when accounting for the allowance for doubtful accounts and deferred revenue.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and cash equivalents

For purposes of the statement of cash flows, the Partnership's cash and cash equivalents consist of cash held in checking and money market accounts and certificates of deposit with maturities of less than 90 days. There are no cash equivalents as of December 31, 2007.

Contributions

Contributions are recognized when the donor makes a promise to give to the Partnership that is, in substance, unconditional. Unconditional donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. There are no unconditional restricted pledges recorded by the Partnership during 2007.

Grant revenue recognition

Grants that represent exchange transactions are recorded as a receivable when the grant costs are incurred and reimbursable.

Grants that represent contributed support are recognized in the same manner as promises to give.

NOTE 2 - RELATED PARTY TRANSACTIONS

The Baton Rouge Area Chamber (Chamber) owes the Partnership \$70,904 for contributions deposited in the Chamber's account.

NOTE 3 - CONCENTRATION OF CREDIT RISK

The Partnership typically maintains cash and cash equivalents and temporary investments in local banks that may, at times, exceed the FDIC limits. At December 31, 2007, the Partnership exceeded the insured limit by approximately \$87,180. Management believes that this risk is limited.

NOTE 4 - PRIOR PERIOD ADJUSTMENT

During 2007, a prior period adjustment was recorded to correct an error relating to the recognition of certain conditional pledges (See Note 1). Net assets were adjusted as follows:

	<u>Unrestricted</u> <u>Net Assets</u>
As previously reported, December 31, 2006	\$ 169,316
Correction to contributions revenue	<u>69,021</u>
As adjusted, December 31, 2006	<u>\$ 238,337</u>

Special Independent Auditors' Report

**THE GREATER BATON ROUGE
ECONOMIC PARTNERSHIP, INC.**
Baton Rouge, Louisiana

December 31, 2007



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Board of Directors and Management
The Greater Baton Rouge Economic Partnership, Inc.
Baton Rouge, Louisiana

Gentlemen:

We have audited the financial statements of the Greater Baton Rouge Economic Partnership, Inc. (the Partnership) as of and for the year ended December 31, 2007, and have issued our report thereon dated May 13, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Partnership's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Partnership's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Partnership's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the organization's ability to initiate, authorize, record, process, and report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the organization's internal control.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the organization's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We identified deficiencies in internal control over financial reporting that we considered to be material weaknesses, as defined above and are reported as Items 2007-1 and 2007-2.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Partnership's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Partnership's management, the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statutes 24:513, this report is distributed by the Legislative Auditor as a public document.

Fauvel & Winkler, LLC

Certified Public Accountants

Baton Rouge, Louisiana
May 13, 2008

THE GREATER BATON ROUGE ECONOMIC PARTNERSHIP, INC.
Baton Rouge, Louisiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

December 31, 2007

A) SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of The Greater Baton Rouge Economic Partnership, Inc.
2. Two significant deficiencies were reported relating to the audit of the financial statements.
3. There were no instances of noncompliance material to the financial statements in relation to this audit.

2007-1 Accounting for conditional promises to give and related contributions

Observation: During the audit of the financial statements, we observed that certain adjustments were required to correct the accounting for conditional promises to give.

Recommendation: Conditional promises to give should be recognized when the related condition is met.

Management's Corrective Action Plan: Management concurs with the recommendation and will make adjustments as necessary upon closing the books in future years.

Management expects this matter to be resolved during 2008.

2007-2 Segregation of Duties

Observation: There is not sufficient segregation of duties to have effective internal control in the following areas:

- Payroll processing responsibilities are concentrated with the controller.
- Journal entries are initiated and recorded by the controller without any independent authorization or review of such entries.

Recommendation: We recommend the following:

- During 2008, the individual responsible for reviewing bank reconciliations and related disbursements should approve the direct deposit documentation.
- The Chamber should establish an approval process for journal entries recorded in the financial statements by assigning an individual capable of understanding the technical nature of such entries.

Management's corrective action plan: Management concurs with this recommendation.

THE GREATER BATON ROUGE ECONOMIC PARTNERSHIP, INC.

Baton Rouge, Louisiana

SCHEDULE OF PRIOR YEAR FINDINGS

December 31, 2007

2006-1 Timeliness of financial statement preparation and general ledger account reconciliation (resolved)

Observation: During the audit of the financial statements, we observed that the financial statements for 2005 were completed in late March 2006. Additional information and adjustments were subsequently provided to us to report certain accounts accurately. The financial statements for 2006 were completed in April 2007 and required additional adjustments. Furthermore, receivable reconciliation was not performed timely.

During 2007 our observation was that the financial statements were prepared timely including reconciliations to all significant general ledger accounts. As a result, we consider this matter resolved.